

## Message Text

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ORIGIN ARA-02

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FM SECSTATE WASHDC

TO USMISSION GENEVA

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FOLLOWING CARACAS 3762 SENT ACTION STATE INFO BOGOTA

LA PAZ LIM QUITO SANTIAGO APR 29 RPT TO YOU QUOTE

RXLIMITED OFFICIAL USE CARACAS 3762

E.O. 11652: N/A

TAGS: PFOR ETRD OVIP (EBERLE)

SUBJECT: SUMMARY REPORT OF AMBASSADOR EBERLE'S VISIT TO  
ANDEAN PACT

REF: LIMA 3337

1. FOLLOWING IS SUMMARY OF RESULTS OF APRIL 25 VISIT TO ANDEAN  
PACT DRAFTED BY AME  
ICAN EMBASSY LIMA AND CLEARED BY DELEGATION.

2. AFTER AMBASSADOR EBERLE'S SHORT DESCRIPTION OF THE TRADE  
BILL AND THE GSP, POINTING OUT THE OPPORTUNITIES FOR INCREASED  
TRADE THESE COULD SIGNIFY, AN ACTIVE EXCHANGE OF VIEWPOINTS  
DEVELOPED. JUNTA COORDINATOR GERMANICO SALSADO OUTLINED  
THE OBJECTIVES OF THE INTEGRATION PROGRAM, WHICH INCLUDE ACCEL-  
ERATED INDUSTRIALIZATION AND DIVERSIFICATION OF EXPORTS. HE  
ADDED THAT THE JUNTA IS A TECHNICAL ORGAN AND DOES NOT  
NECESSARILY REPRESENT THE OFFICIAL POSITIONS OF THE INDIVIDUAL  
MEMBER GOVERNMENTS.

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3. THE COMMENTS OF THE JUNTA'S CHIEF TECHNICAL EXPERT IN TRADE

MATTERS, PATRICIO LEYVA, CAN BE SUMMARIZED AS FOLLOWS.

JBM EMPHASIS IN TRADE BILL IS ON TRADE EXPANSION AMONG DEVELOPED COUNTRIES, RATHER THAN ON EFFORTS TO ALLEVIATE BASIC PROBLEMS WHICH LDCS FACE IN PENETRATING U.S. MARKET.

B. REGARDING GSP, THE UNDERLYING PROBLEM, ACCORDING TO LEYVA, IS THAT VARIOUS UNCERTAINTIES REDUCE ITS VALUE IN LONG-RANGE INVESTMENT AND ECONOMIC DEVELOPMENT PLANNING.

4. PETROCHEMICALS ARE CONSIDERED A KEY GROWTH INDUSTRY BY ANDEAN PACT PLANNERS, AND THEY HOPED THAT THEY WOULD BE ELIGIBLE FOR TARIFF FREE TREATMENT UNDER GSP.

5. RELATIVE ADVANTAGES OF NEGOTIATING WITHIN GSP AS A COMMON MARKET GROUP, OR AS INDIVIDUAL COUNTRIES, WERE EXPLORED. SALGADO EXPRESSED HOPE THAT THE POSITIVE FEATURES OF BOTH APPROACHES COULD SOMEHOW BE APPLIED BY THE INDEEN COUNTRIES. THE U.S. AIDE EXPLAINED THAT THIS WAS NOT POSSIBLE UNDER THE TRADE BILL PASSED BY THE HOUSE.

6. AMB. EBERLE MADE REFERENCE TO GATT AND TO NEED FOR ADEQUATE INFORMATION FLOW AT THAT LEVEL SO THAT ANDEAN PACT TRADE OBJECTIVES WILL BE BETTER UNDERSTOOD. SALGADO ANSWERED THAT ANDEAN PACT IS LEGALLY A SUBGROUP OF LAFTA AND THAT LAFTA PROCEDURES ARE IN HARMONY WITH GATT. NOTE: MEMBER COUNTRIES HAVE CHARGED JUNTA WITH COORDINATION OF GROUP'S POSITION AND NEGOTIATING STRATEGY WITHIN GATT AND WITHIN SPECIALIZED TRADE PREFERENCE SYSTEMS. JUNTA IS COMPLYING, BUT WITHOUT GIVING THIS MUCH PRIORITY. IT FEELS THAT OTHER MANDATES, PARTICULARLY DESIGN OF JOINT INDUSTRIAL DEVELOPMENT PROGRAMS, HAVE HIGHER CLAIM ON AVAILABLE JUNTA MANPOWER RESOURCES.

7. MEETING ENDED ON POSITIVE NOTE REGARDING NEED TO EXPLORE OPPORTUNITIES FOR TRADE EXPANSION, IN SPITE OF LEGAL AND INSTITUTIONAL RIGIDITIES IN INDIVIDUAL COUNTRIES, INCLUDING U.S. AS AMBASSADOR EBERLE POINTED OUT, EVEN NOW THE U.S. TAKES OVER 50 PER CENT OF MANUFACTURED PRODUCTS EXPORTS OF LDCS. MCCLINTOCK UNQUOTE RUSH

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